

**REMARKS**

This Amendment is in response to the Office Action mailed September 17, 2003. The Office Action rejected claims 1-9 under 35 U.S.C. § 112 and rejected claims 1-10 and 12-15. Applicants herein amend claims 1, 3, and 6. Claims 1-10 and 12-15 remain pending in the application. Reconsideration in light of the amendments and remarks made herein is respectfully requested.

**Rejections Under 35 U.S.C. § 103**

The Office Action rejected claims 1, 2, 4, 6-8, 10, 12, 14, and 15 under 35 U.S.C. § 103 as being unpatentable over Arnold (U.S. Patent No. 6,016,504) in view of Wilf et al. ("Wilf") (U.S. Patent No. 5,899,980).

Applicants traverse this rejection in its entirety.

The Office has the burden under 35 U.S.C. 103 to establish a *prima facie* case of obviousness. *In re Piasecki*, 745 F.2d 1468, 1471-72, 223 USPQ 785, 787 (Fed. Cir. 1984).

To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). Applicants submit that neither Arnold nor Wilf teach or suggest every claimed limitation. Thus, regardless of whether or not Arnold can be combined with Wilf, Applicants submit that such a combination does not teach or suggest every limitation of the claimed invention.

Arnold teaches a system for purchasing a product over a network where (1) a customer accesses a virtual outlet web page to view products sold by the merchant, (2) a customer requests a merchant web page and identifies the originating virtual outlet web page, (3) the customer

purchases the product directly from the merchant web page, (4) and the merchant credits the originating virtual outlet web page with the sale. (Col. 5, lines 30-62).

Wilf teaches a method of performing secure online transactions involving a customer, the network service provider for a customer, a transaction server having access to the network server provider, and a vender website (referred to as "point of sale system" 41-43 in Fig. 1). Wilf teaches a system in which (1) a customer accesses a vendor computer ("point of sale computer station" 41-43 in Fig. 1, (2) requests a purchase from the vendor computer, (3) the customer is charged a transaction amount for said purchase by billing a pre-established account of said customer at the network service provider, (4) a transaction server then bills the transaction amount to a pre-established account for the network service provider, and (5) a portion of the transaction amount is then sent to the originating vendor website. (Col. 1, line 55 to Col. 2, line 20). Note that the "point of sale computer stations" 41-43 in Fig. 1 are really vendor computers and not the same as the claimed "host website". That is, Wilf does not show a host computer "capable of routing web users from the host web site to other web sites" as claimed.

Both Arnold and Wilf teach methods of online transactions in which the transaction amount is charged by a merchant (Arnold)/service provider (Wilf) and the originating point of sale (Wilf)/virtual outlet (Arnold) receives only a portion or percentage of the amount for directing the sale to the merchant (vendor). In short, both online transaction systems remove the transaction collection from the originating host web page (virtual outlet). The host/originating web page is only given a portion of the collected amount. Both of these prior art system are based on the well-established notion of paying a finder's fee or commission to the host/originating web page.

The present invention provides a patentably distinguishable method of performing online transactions. The claimed online transaction system keeps the money collection with the host/originating web page (host web site / point of sale / virtual outlet). That is, the originating web page (host web site) collects the transaction amount. The originating web page (host web site) then sends a percentage of the funds collected to the merchant (vendor). This is a distinct business model than that taught by the cited prior art. The claimed business model keeps the money with the sale originator and gives the merchant (vendor) a commission. This is contrary to the business model of the cited prior art (Arnold and Wilf) where the merchant (vendor) keeps the money and gives the sale originator a commission.

Thus, Applicants submit that the following limitations are not taught by Arnold and/or Wilf:

"transferring customer's payment information from the vendor web site to the host web site when the software on the vendor web site has determined that the customer has been routed to the vendor web site from the host web site;  
collecting the funds for the transaction by the host web site using the customer's payment information transferred in the preceding step;  
...  
transferring a percentage of the funds collected by the host web site to the vendor web site ~~upon completion of the preceding step~~"

Assuming *arguendo* that Arnold in view of Wilf does teach or suggest every limitation of the claimed invention, Applicants argue that there is no motivation to combine the references.

"In determining the propriety of the Patent Office case for obviousness in the first instance, it is necessary to ascertain whether or not the reference teachings would appear to be sufficient for one of ordinary skill in the relevant art having the reference before him to make the proposed substitution, combination, or other modification." *In re Linter*, 458 F.2d 1013, 1016, 173 USPQ 560, 562 (CCPA 1972).

As the motivation for combining the teachings of Arnold and Wilf, the Office Action states "the benefit of this combination would be to enable Arnold's virtual outlet administrator to control the processing of its referral commissions. Thus, the outlet administrator would be provided with a greater level of control over compensation for sales referrals and would otherwise be relieved of the need to audit the payments submitted by its member vendors." (Office Action 9/17/03, page 4, Para. 1).

The argument in the Office Action ignores the fact that none of the cited references suggest the desirability, or even feasibility, of providing an online business model where the sale originator collects the money and pays the merchant a commission. As previously noted, both Arnold and Wilf teach business methods where the merchant (vendor) collects the money and pays the sale originator (host) a commission. Thus, neither of these references teach or suggest the presently claimed invention where the sale originator (host) collects the money and pays the merchant (vendor) a commission.

Additionally, Applicants submit that both Arnold and Wilf teach away from the presently claimed invention. In particular, as previously noted, both of these references teach the security advantages of a transaction collection system where the merchant secures payment for a transaction.

For at least the reasons discussed above, Applicants submit that the invention recited in claims 1, 2, 4, 6-8, 10, 12, 14, and 15 is patentably distinguishable over the cited prior art. Applicants respectfully request that the 35 U.S.C. § 103 over Arnold in view of Wilf be withdrawn.

The Office Action also rejected claims 3, 9, and 13 under 35 U.S.C. § 103 as being unpatentable over Arnold (U.S. Patent No. 6,016,504) in view of Wilf (U.S. Patent No. 5,899,980) and further in view of Official Notice.

The Office Action also rejected claim 5 under 35 U.S.C. § 103(a) as being unpatentable over Arnold in view of Wilf and further in view of Bezos et al. (U.S. Patent No. 6, 029, 141).

While Applicants submit that the cited prior art does not teach or suggest the subject matter claimed in claim 3, 5, 9, and 13, this argument need not be reached. Applicants assert that these claims are allowable due to their dependence on independent claims 1 and 10 which were distinguished above over the prior art.

#### **Rejections Under 35 U.S.C. § 112**

The Office Action rejected claim 1-9 under 35 U.S.C. § 112 P2 as being indefinite for failing to particularly point out and distinctly claim the subject matter which is regarded as the invention. In particular, the Office Action noted that it is unclear to what step "the preceding step" in claim 1 refers.

Applicants herein amend claim 1 to delete this element from claim 1.

The Office Action also rejected claim 3 under 35 U.S.C. § 112 P2, as being indefinite because it is unclear whether "a customer[]" refers to "the customer" in Claim 1 or a second customer.

Applicants herein amend claim 3 to recite "the customer" in reference to the customer recited in claim 1.

The Office Action also rejected claim 6 under 35 U.S.C. § 112 P2, as being indefinite because it is unclear what "a host web site" refers to.

Applicants have amended claim 6 to recite "the host web site" in reference to the host web site of claim 1.

Applicants respectfully request that the Examiner withdraw the rejections of claims 1, 3, and 6 under 35 U.S.C. § 112 P2.

**Conclusion**

In view of the amendments and remarks made above, it is respectfully submitted that the pending claims are in condition for allowance, and such action is respectfully solicited.

Authorization is hereby given to charge our Deposit Account No. 19-2814 for any charges that may be due. Furthermore, if an extension is required, then Applicants hereby request such an extension.

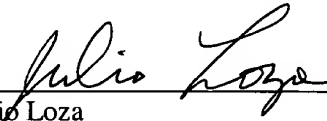
Respectfully submitted,

Snell & Wilmer, L.L.P.

I hereby certify that this document and fee is being deposited on December 16, 2003 with the U.S. Postal Service as first class mail under 37 C.F.R. 1.8 and is addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

By: James Lee

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Julio Loza  
Registration. No. 47,758  
SNELL & WILMER L.L.P.  
1920 Main St., Suite 1200  
Irvine, CA 92614  
Telephone: (949) 253-4924

Dated: December 16, 2003